

Message Text

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PAGE 01 BUCAR 03622 050758Z

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 6596

C O N F I D E N T I A L BUCHAREST 3622

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, ETRD, RO

SUBJ: TRADE INQUIRY: COKING COAL

REFS: A) BUCHAREST 3409, B) STATE 183271, C) BUCHAREST 3261

1. SUMMARY: MEETING BETWEEN MACBRIDE OF CONSOLIDATION COAL AND MIN FOREIGN TRADE DIRECTOR BUTNARU ON OCTOBER 3 PRODUCED EXCELLENT MATCH BETWEEN ROMANIAN DESIRES AND CONSOLIDATION PRODUCTION PLANS. GOOD POSSIBILITY EXISTS FOR ROMANIAN PARTICIPATION IN NEW CONSOLIDATION COKING COAL MINE IN VIRGINIA. END SUMMARY.

2. ARTHUR MACBRIDE, VP-SALES OF CONSOLIDATION COAL, HELD MEETING MORNING OF OCTOBER 3 WITH DINESCU OF MINERALEXPORT-IMPORT TO DISCUSS FUTURE PRICES OF COKING COAL DELIVERIES UNDER EXISTING CONTRACT WITH CONSOLIDATION. SOME DISCUSSION ALSO TOOK PLACE OF JOINT VENTURE PROJECT MENTIONED REFTELS BUT EMBOFF NOT PRESENT.

3. AT AFTERNOON SESSION WITH BUTNARU OF MIN FOREIGN TRADE, MACBRIDE TOLD BUTNARU THAT ROMANIAN JOINT VENTURE PROPOSAL HAD COME AT OPTIMUM TIME. CONSOLIDATION CONSIDERING OPENING NEW MINE OF HIGH-GRADE COKING COAL IN BUCHANAN COUNTY, CONFIDENTIAL

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PAGE 02 BUCAR 03622 050758Z

VIRGINIA (IN KENTUCKY-WEST VIRGINIA-VIRGINIA TRI-BORDER AREA).

RESERVES ESTIMATED AT 200 MILLION TONS. CONSOLIDATION VISUALIZES PRODUCTION OF ABOUT 1.8 MILLION TONS PER YEAR AND ESTIMATES THAT INVESTMENT REQUIRED TO START UP WOULD BE ABOUT \$52 MILLION. CONSOLIDATION DOES NOT WISH TO PUT UP ANY CAPITAL AND WAS CONSIDERING THREE-PARTNER OPERATION. ONE WOULD PROBABLY BE REPUBLIC STEEL, THE OTHER TWO COULD BE ROMANIA AND SPAIN OR JAPAN. ALL THREE PARTNERS WOULD RECOVER INVESTMENT BEFORE CONSOLIDATION BEGAN SHARING PROFITS.

4. BUTNARU MADE NO COMMENT WHEN ADVISED OF SIZE OF INVESTMENT. HE SAID ROMANIA WAS GREATLY INTERESTED IN SUCH A JOINT VENTURE IN THE US AND SAID CONSOLIDATION WOULD SOON RECEIVE LETTER OF INTENT. MACBRIDE SAID CONSOLIDATION BOARD SCHEDULED TO MEET IN TWO WEEKS TO DECIDE ON PROJECT, AND WOULD APPRECIATE CONCRETE EXPRESSION OF INTEREST.

5. COMMENT: DISCUSSION PROCEEDED IN FRIENDLY AND BUSINESSLIKE MANNER. DINESCU TELEPHONED BUTNARU FROM MINERALIMPORTEXPORT DURING COURSE OF MEETING INDICATING THE MINERALEXPORTIMPORT AND MIN FOREIGN TRADE ARE NOW COORDINATING A JOINT APPROACH TO PROJECT.

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